

**Remarks of Ambassador Peter Scher  
American Chamber of Commerce  
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It is a pleasure to join the American Chamber of Commerce in the European Union for this breakfast. I have come to Brussels on the eve of the U.S.-EU summit and at a critical stage in our agricultural trade relations. Two-way agricultural trade is thriving, but a host of issues threaten to disrupt our bilateral relationship. While the United States will continue to vigorously defend its trade rights, we on both sides of the Atlantic must realize what is truly at stake.

We cannot forget that just as U.S. cooperation with Europe on security matters formed the bedrock for peace following the Second World War, the U.S.-European trade relationship has been the anchoring point for the international trading system since the GATT came into force in 1947. Each of us has benefitted greatly from successive efforts to liberalize multilateral trade; benefits that have spread to other countries as the international trading system has expanded. But our successes are at risk, and future gains will be lost, if we cannot move beyond the bickering and recrimination that often accompany our trade relations, particularly those in agriculture.

The U.S. and EU share the largest two-way trade and investment relationship in the world. In 1996, two-way trade amounted to nearly \$400 billion. The U.S.-EU agricultural trade relationship is more than a highly developed commercial endeavor. The relationship is about leadership by the world's largest agricultural producers and traders. Leadership that opens global markets. Leadership that respects and supports the institutions of the world trading system. Leadership that ensures global food security and acts to reduce global hunger. Leadership that protects public health through a safe food supply based on scientific principles that are transparent and uniformly enforced. Leadership that educates rather than follows popular fears.

Leadership by the EU and the United States resulted in the Uruguay Round Agreement, a landmark event that for many in the agricultural community signaled the beginning of the end of high tariffs, exorbitant export subsidies, widespread non-tariff trade barriers and a weak dispute settlement system that virtually forced nations into unilateral action.

As a result of our joint leadership, agricultural trade between the United States and the EU reached nearly \$15 billion last year, and the EU is the third largest regional market for U.S. agricultural exports. U.S. sales to Europe last year produced a \$2.6 billion surplus in agricultural trade.

But increasingly contentious agricultural trade disputes threaten our partnership. The EU has either stopped trade or is threatening to restrict further U.S. exports in a number of areas. For example, the EU's proposed SRM ban could have far reaching consequences, restricting consumer access in Europe to medicines and other vitally needed products and cutting off literally

billions of dollars in U.S. exports. This situation poses a serious challenge to the bilateral relationship. Our job, I believe, is to resolve these issues and get beyond them to the important work ahead.

As we get ready to enter the next century, the most important challenge for agriculture will be to meet rising world demand for food. As the world's largest agricultural producers and exporters, this is a challenge that the United States and the EU must answer in a spirit of partnership and leadership.

With the world's population growing by about 2 percent annually, there are 80 million more mouths to feed each year. We hear estimates that the global demand for food will triple within the next 50 years. By 2030, Asia's population will be 4.5 billion and the average daily consumption of animal protein will nearly quadruple to 60 kilograms. Growing middle classes in Latin America and Asia are demanding higher quality diets.

A recent UN report concluded that global food output and prices may become more erratic meaning higher risk for food insecurity in the most vulnerable countries. We must prepare today to meet tomorrow's food demand by making every acre of farmland reach its maximum productivity.

Technology and research -- whether it be in higher yielding seeds, improved animal genetics, or efficient and optimal chemical usage -- have been at the core of providing a safe and rising supply of food for decades. Early in this century, U.S. agricultural research created hybrid corn. U.S. crop harvests have more than doubled over the past half century, even as cultivated area has held steady. Beginning in the 1960's, the Green Revolution combined with other agricultural advances to produce unprecedented crop yields. In Asia, the ever-present threat of famine was banished for a generation. Today, biotechnology holds the prospect of another green revolution. The United States and the EU would be negligent if we did not take advantage of the benefits of biotechnology, not only for our own citizens but for consumers and producers worldwide. Not only for this generation, but for many generations to come.

Our ability to market goods developed with biotechnology has become more than just an economic issue. It's a humanitarian issue, it's an environmental issue, and it's an issue of global food security. It is one of our best defenses against deforestation, land erosion, and water depletion that can destabilize entire populations. The EU must join the U.S. and other countries in this effort to use biotechnology for the benefit of producers and consumers around the world, and for the benefit of the global environment.

Let me be clear on two points. First, this effort must respect any country's right to the highest standards for food safety, just as we maintain the safety of the U.S. food supply. But these standards must be transparent, based on scientific principles, and provide for a clear approval process in a timely fashion.

Secondly, biotechnology produces safe and healthy foods. The United States Food and Drug Administration (FDA) has demonstrated that extensive regulatory review and testing in the United States and other countries shows that products containing or derived from genetically modified organisms (GMO's) are safe and healthy.

I am pleased that at last week's meeting of the APEC in Vancouver, Ministers recognized the vital contribution that biotechnology can make toward expanding agricultural and food production, and they agreed on a work plan for biotechnology focused on science-based approaches to the introduction and use of bio-technology products. And, at their meeting last month in Rome, the Transatlantic Business Dialogue group of U.S. and European businesses called for a more predictable, transparent approval process for biotechnology products.

I should also note that a few days ago, France indicated some new acceptance of biotechnology and launched a public dialogue on biotechnology products. We believe these are all useful steps to educating the public on the benefits that biotechnology can bring to consumers and to the environment.

But, we must work together to ensure that the potential benefits of the new technologies do not get lost in a maze of restrictive and unnecessary regulations. To the contrary, if we do not take advantage of biotechnology's benefits, we are taking risks that will fall disproportionately on the world's poorest nations.

In addition to the biotech approved process, we are all familiar with the issues which threaten to disrupt our bilateral relationship: The EU's SRM ban, the failure to implement the Veterinary Equivalence Agreement, and disagreements over 1983 wine accord. I hope that one of the messages out of my first visit to the EU as the United States first Special Trade Ambassador for Agriculture, is that the U.S. and EU need to resolve these disputes that hang over our relationship and move on to the critical business ahead.

Twenty eight countries are now seeking membership in the World Trade Organization. We need to work together to ensure that these countries join the WTO in a way that reinforces the multilateral system, not undermines it. One of those countries, China, the fastest-growing economy in the world, presents, perhaps, one of the greatest challenges for world agricultural trade. With one-quarter of the world's population but less than seven percent of its arable land, China must open its market to increased agricultural imports. The WTO accession provides the most significant opportunity to achieve that goal.

Next year's review of the WTO agreement on Sanitary and Phytosanitary (SPS) barriers provides an important opportunity to address unjustified barriers which have become, in a sense, the "trade barrier of choice" for countries seeking to restrict agricultural imports. The U.S. Department of Agriculture estimates that over \$5 billion in trade is blocked each year by so-called sanitary or phytosanitary measures. While I have heard some suggest that the SPS agreement should be amended to address "consumer concerns," the best way to build consumer confidence

in food safety is to assure the public that SPS measures are based on transparent, science-based risk assessment procedures.

Another area in which the U.S. and the EU can provide leadership is by strengthening and adhering to the dispute settlement process of the WTO. There is not a single more important thing we could do to instill confidence in people throughout the world that the multi-lateral system can work for their benefit than by assuring them that when countries sign a deal they keep it. While this system is still young, several important tests will determine its long-term viability, and frankly, the viability of the WTO. People need to know that all countries will abide by the rulings of the WTO.

And finally, the next round of agricultural negotiations scheduled to begin in 1999 provides perhaps the most significant opportunity to address remaining barriers to agricultural trade. Remaining tariffs and subsidies, the role of state trading enterprises, the increasing number of SPS barriers, must all be addressed during these negotiations, and U.S.-EU cooperation will be essential to the success of this next round.

Instead of working in partnership to address the agricultural needs of the world economy over the next generation, the United States and the EU too often find ourselves left debating compliance under previous agreements or the merits of scientific and technological advances while we ignore the critical needs of the global agricultural economy.

As the beginning of the a new century draws closer, the U.S.-EU partnership and our joint leadership will spell the difference between success and failure for world agricultural trade. We made a sizeable down payment to the world's agricultural producers and consumers on trade liberalization in the Uruguay Round. We are now called upon to follow through.

As long as attention on both sides of the Atlantic is centered on politically-charged disputes, we threaten not only today's bilateral trade levels and the promise of future trade liberalization, but also the availability of an abundant and safe food supply for a growing world population. We need to get beyond these disputes and focus together on the real work ahead.